



July 19, 2018

Members of the Joint Legislative Commission on Governmental Operations

Honorable Members:

This report is being filed on the production activities of the North Carolina Housing Finance Agency (the Agency) for FY2018, per N.C.G.S. § 122A-16. The Agency uses federal, state, and private funds to create affordable housing opportunities for North Carolinians whose needs are not met by the market.

The Agency provided \$1.307 billion in financing for affordable housing activity during FY2018. In addition, the Agency (and its partners) administered \$168.9 million in rental assistance. These FY2018 investments will support an estimated 14,600 jobs statewide and generate \$43.1 million in state and local tax revenues.

Disaster Recovery continues to be a major emphasis for our Agency since the passage of the Disaster Recovery Act of 2016. We quickly set up a program to help low- to moderate-income homeowners rehabilitate their homes through a network of 36 partners working in 43 counties. Over 475 homes have been committed in our system for repairs, encumbering our entire appropriation of \$20 million. In addition, we have repaired 48 multi-family homes that were damaged.

The Agency has continued to emphasize veteran assistance. We target veterans through our Urgent Repair and Essential Single Family Rehabilitation Programs, offer the Veterans Initiative under the N.C. Foreclosure Prevention Fund, use Mortgage Credit Certificates to assist veterans purchasing a home, and finance solutions to end veteran homelessness such as the Landlord Incentive Pilot Program.

Attached please find a report further detailing the Agency's housing activity, as well as the following:

- Exhibit 1 is the FY2018 organization chart of the Agency showing 123 positions.
- Exhibit 2 is an overview of programs. The Agency's programs have differing eligibility standards based on federal and state law. Most of the programs are helping households whose incomes are below 80% of the state median income, and several target households below 50%.

We are proud to be a self-supporting and dynamic part of North Carolina's real estate industry. We appreciate your support.

Sincerely,
Scott Farmer
Executive Director

Report of the North Carolina Housing Finance Agency

July 1, 2017 – June 30, 2018

The North Carolina Housing Finance Agency is self-supporting. It provides financing for affordable housing by selling tax-exempt bonds, using the securitized mortgage market to provide lower interest rates and down payment assistance, issuing federal housing credits, operating the federal HOME Program and the state Housing Trust Fund, and administering federal Section 8 Rental Assistance funds. In its history, the Agency has invested approximately \$17.9 billion for affordable homes and apartments to assist 274,681 households. Net interest margins on bonds and fees earned by operating federal programs pay the Agency's expenses. The Agency pays the cost of operating the state Housing Trust Fund, so all Trust Fund appropriations are invested directly in housing.

The Agency designed and administers the N.C. Foreclosure Prevention Fund, financed by the U.S. Department of the Treasury. From October 2010 through the end of FY2018, the Fund has provided loans to help 28,632 homeowners who are unemployed or having other temporary financial hardships avoid foreclosure while they seek or retrain for new jobs.¹ Since July 2011, the Agency also has managed the State Home Foreclosure Prevention Project, created by the General Assembly and funded with fees from mortgage loan servicers. This effort pays for foreclosure prevention counseling for homeowners facing foreclosure.

Economic Impact. FY2018 investments will support:

14,600 jobs
\$35.9 million in state tax revenues
\$7.2 million in local tax revenues

Activity During FY2018

I. Investment: All Programs

Activity	Total Funding
Homeownership	\$ 890,795,749
Rental Housing	338,234,568
Supportive Housing	14,130,000
Homeowner Rehabilitation	5,823,886
Urgent Repair	4,816,328
Foreclosure Prevention Loans	53,646,072
Foreclosure Prevention Counseling	1,168,085
Rental Assistance	168,859,083

Highlighted Programs¹

II. North Carolina Housing Trust Fund

Activity	Total Units	Total Funding
Rental Housing	228	\$ 2,750,000
Supportive Housing	530	10,800,000
Urgent Repair	866	4,816,328

III. State HOME Match

Activity	Total Households	Total Funding
Homeownership	9	\$ 295,100
Rental Housing	342	3,444,206
Rental Assistance	120	308,215
Supportive Housing	60	800,000

IV. Workforce Housing Loan Program

Activity	Total Units	Funding
Rental Housing	1,936	\$ 20,000,000

V. N.C. Foreclosure Prevention Fund

Activity	Total Loans	Funding ¹
HHF DownPayment Assistance	1,269	\$ 19,112,870
Foreclosure Prevention Loans	2,108	53,646,072

VI. State Home Foreclosure Prevention Project

Activity	Total Households	Total Funding
Foreclosure Prevention Counseling	4,320	\$ 540,000

¹ The Housing Trust Fund, HOME Match, State Home Foreclosure Prevention Project, Workforce Housing Loan Program, and N.C. Foreclosure Prevention Fund data are all also included in Table I.

EXHIBIT 1: FY2018 Organizational Chart

EXHIBIT 2: Program Overview